



**COUNCIL OF
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NOTE

from:	Presidency
to:	Council
Subject:	Future of the CAP: market management measures post 2013 - <i>Presidency conclusions, fully shared and endorsed by the future Belgian and Hungarian Presidencies</i>

Further to the exchange of views in Council on 22 February 2010, delegations will find attached (in Annex) the Presidency conclusions fully shared and endorsed by the future Belgian and Hungarian Presidencies, as the other two members of the Trio Presidency, and supported by a majority of delegations.

These will be presented at the Council (Agriculture and Fisheries) on 29 March 2010.

PRESIDENCY CONCLUSIONS¹**Future of the CAP: market management measures after 2013**

The Agriculture Council on 22 February 2010 held an exchange of views on the future of market and crisis management instruments in the CAP model after 2013, building on the analyses carried out by previous Presidencies: France, on the challenges facing the CAP in the future; the Czech Republic on direct aid; and Sweden on rural development.

The basis for the Council's discussions was a working paper drawn up by the Presidency, which highlighted the growing challenges for food production, the increase in instability on world markets and the growing volatility of the prices of agricultural products. The Presidency paper also reviewed the EU's internal market, its shift towards greater openness, and the effects of serious sectoral crises. Lastly, it reexamined the market management instruments currently available within the framework of the single CMO, and complementary market and crisis management instruments for the CAP in the future.

The ideas underlying the Presidency paper suggest that effective market management should strike a balance between: market orientation, achieved after a long process of reform and major efforts by the European agricultural sector; the maintenance of viable and competitive agricultural activity throughout European territory; the possibility of mitigating to some extent the effects of the growing volatility of world markets; and recognition of the European production model so that its more demanding requirements do not hinder the viability of farms.

¹ Fully shared and endorsed by the future Belgian and Hungarian Presidencies, as the other two members of the "Trio Presidency".

The Council debate focused on four questions: the appropriate market orientation of European agriculture, the need for an effective safety net, the appropriateness of examining new complementary instruments in addition to the current market management instruments in the light of the growing volatility of prices; and the advisability of a flexible financial mechanism to respond to serious market crises.

Following the debate, the Presidency concluded that the majority of Council members:

- Supported the current market orientation of European agriculture and of the CAP resulting from previous reforms and regarded it as sufficient, and considered the need to adapt the regulatory framework.
- Considered, in the light of the growing volatility of markets, that it would be very important in the future to maintain a safety net, to protect not only farmers but also all participants in the food supply chain, including the final consumer.
- Believe that the current single CMO instruments should be maintained and constitute the basis of the safety net, with the possibility of revising them if necessary to adapt them to market realities.

In the course of the debate, some delegations also agreed on the need for additional market management instruments, the operationality of which would require further analysis. They included:

- Strengthening producer organisations and interbranch organisations, so that they can help to establish the conditions for an appropriate balance between the various operators and in the distribution of added value.
- Improving the functioning of the food supply chain and transparency in price formation, possibly exploring the avenue of standard contracts and paying particular attention to the conclusions of the High Level Group on the milk products sector.

- Earnings or income insurance for farmers, assessing the technical, efficiency and management issues, as well as WTO compatibility.

The Presidency also noted that a substantial number of delegations supported the sufficient availability of financial resources and instruments to enable a swift response to any major crisis affecting a whole sector with a significant Community presence, with a view to the next multiannual financial framework.
